

Vacancy and rental rates continue to stabilize following recent construction surge

▼ 12.2%

Vacancy Rate

▲ 1.0M

SF Net Absorption

▼ 0

SF Construction Delivered

▲ 440,063

SF Under Construction

▲ \$8.44

NNN/YR Direct Lease Rate

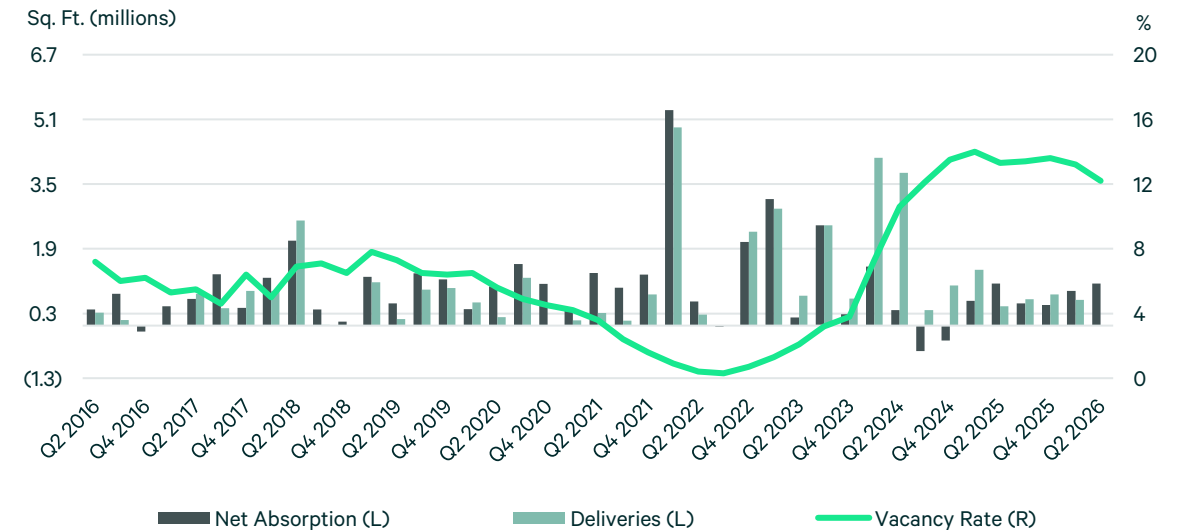
Note: Arrows indicate change from previous quarter.

Market Overview

Over the past decade, Charleston’s industrial market has shifted from exceptionally tight conditions to a more balanced environment. Vacancy fell from 7.2% in Q2 2016 to a record low of 0.3% in Q3 2022 as strong tenant demand and sustained positive absorption coincided with a rapidly expanding development pipeline. Limited available space pushed asking rents from \$6.05 in Q4 2020 to a peak of \$9.53 in Q3 2022. However, a wave of new deliveries beginning in 2023 outpaced demand, driving vacancy to 14.0% by Q1 2025 and availability to 18.0% by Q4 2025.

In Q2 2026, market fundamentals continued to improve despite elevated availability. Net absorption reached 1.0 million sq. ft., vacancy declined to 12.2%, and asking rents rose 1.7% quarter-over-quarter to \$8.44, reflecting continued confidence in the market. The development pipeline has contracted significantly to 440,000 sq. ft., while no new deliveries were completed during the quarter. Leasing activity was highlighted by major commitments in the I-26 North submarket, including Dunham Bush (516,000 sq. ft.), Venom EV Golf Carts (200,000 sq. ft.), and Lifestyle Solutions (109,000 sq. ft.), demonstrating that large users remain active.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2026

Vacancy Rate

As of Q2 2026, Charleston’s vacancy rate stood at 12.2%, down from 13.2% in Q1 2026 and marking the second consecutive quarter of improvement. While vacancy remains elevated relative to the exceptionally tight conditions recorded in 2021 through early 2023, recent leasing and absorption activity suggest that the market has begun to work through the wave of new supply delivered over the past several years. Overall vacancy has declined from a recent peak of 14.0% in Q1 2025, supported by six consecutive quarters of positive net absorption and more than 6.2 million sq. ft. of leasing activity over the past four quarters.

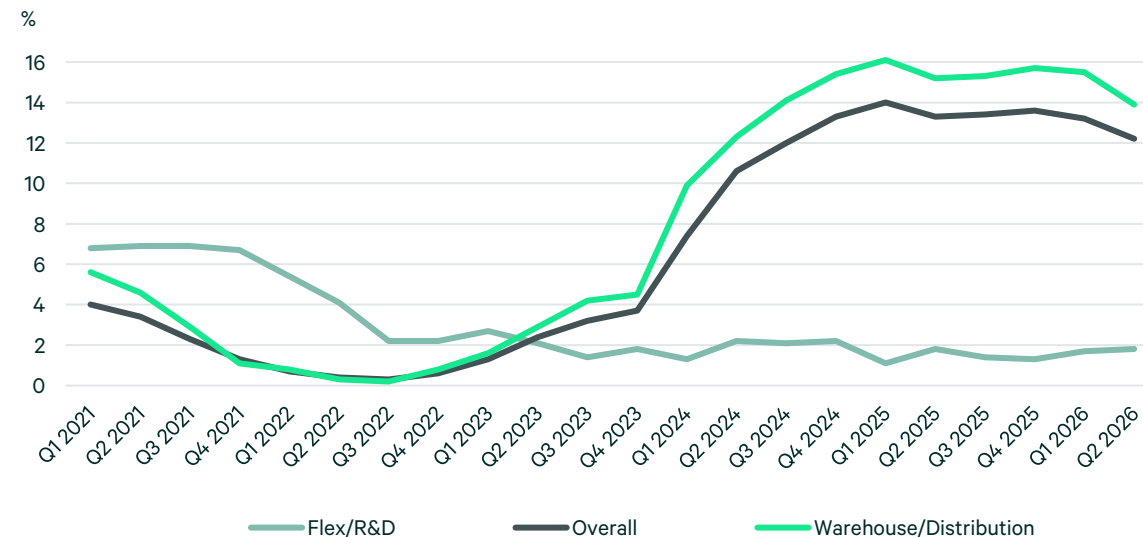
Importantly, vacancy is not being driven by broad occupancy losses across the market. Rather, available space remains concentrated within larger warehouse and distribution facilities delivered during the post-pandemic development cycle. Warehouse/distribution vacancy stood at 13.9% in Q2 2026, well above the 1.8% vacancy rate recorded in flex properties, highlighting the disparity between product types. Although warehouse vacancy has improved from its recent high of 16.1% in Q1 2025, large blocks of space remain concentrated in major logistics corridors, particularly I-26 North, which accounts for 7.3 million sq. ft. of vacant space and a 19.3% vacancy rate. At the same time, recent leasing activity and absorption gains highlight that demand for large-format industrial space remains active, gradually reducing excess availability created by the construction wave of 2022 through 2024.

Asking Rent

Average asking rent reached \$8.44 per sq. ft. in Q2 2026, increasing 1.7% quarter-over-quarter and 1.6% year-over-year. While rents remain below the peak levels recorded during the height of the market cycle, recent growth reflects a more stable pricing environment as the impact of higher-priced new construction has moderated. With supply and demand becoming better balanced, rental rates have begun to normalize, allowing for steady, incremental growth rather than the sharp fluctuations seen in recent years. This stabilization points to a healthier leasing environment and provides a clearer indication of the market’s underlying pricing fundamentals.

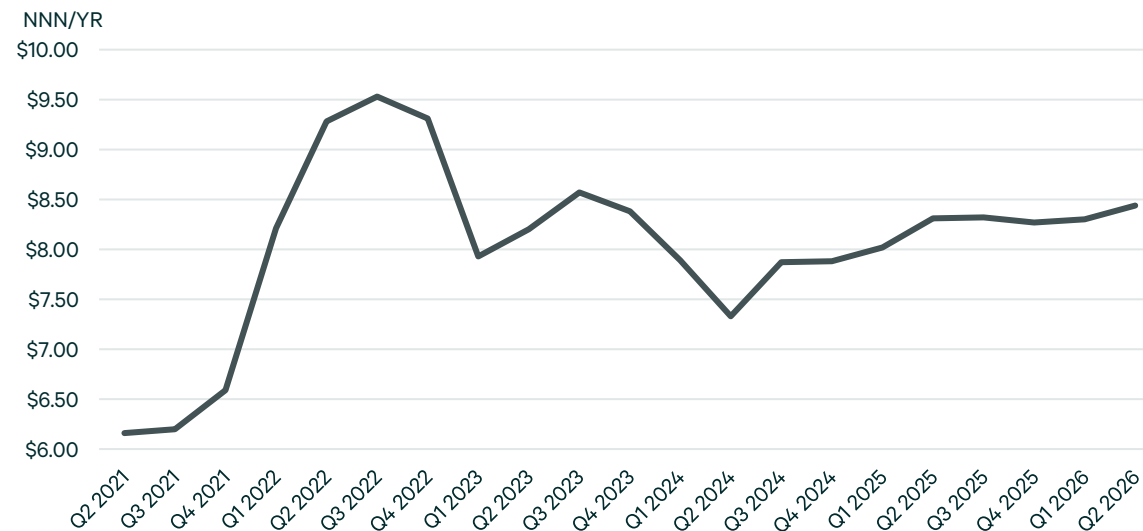
In Q2 2026, I-26 North recorded the lowest average asking lease rate at \$7.22 per sq. ft., reflecting its concentration of large Class A warehouse inventory and the market’s highest share of available space. Hanahan and North Charleston/Ladson posted average asking rates of \$9.96 and \$9.16 per sq. ft., respectively, supported by strong demand for smaller infill industrial properties near the Port of Charleston and the region’s core industrial nodes. Charleston and East Cooper followed at \$12.61 and \$11.73 per sq. ft., where flex product comprises much of the inventory. West Ashley commanded the highest average asking lease rate at \$19.13 per sq. ft., driven by its limited industrial inventory and constrained availability.

Figure 2: Vacancy Rate



Source: CBRE Research, Q2 2026

Figure 3: Average Direct Asking Rate



Source: CBRE Research, Q2 2026

Net Absorption

In Q2 2026, total net absorption reached 1.0 million sq. ft., exceeding Q1 2026 by 20.9% but remaining 0.7% below the level recorded one year earlier. The rolling four-quarter average held steady at 736,000 sq. ft., reflecting a notable improvement from the muted demand environment experienced in late 2024. Following two consecutive quarters of negative absorption in the second half of 2024, the market has now posted six straight quarters of positive absorption.

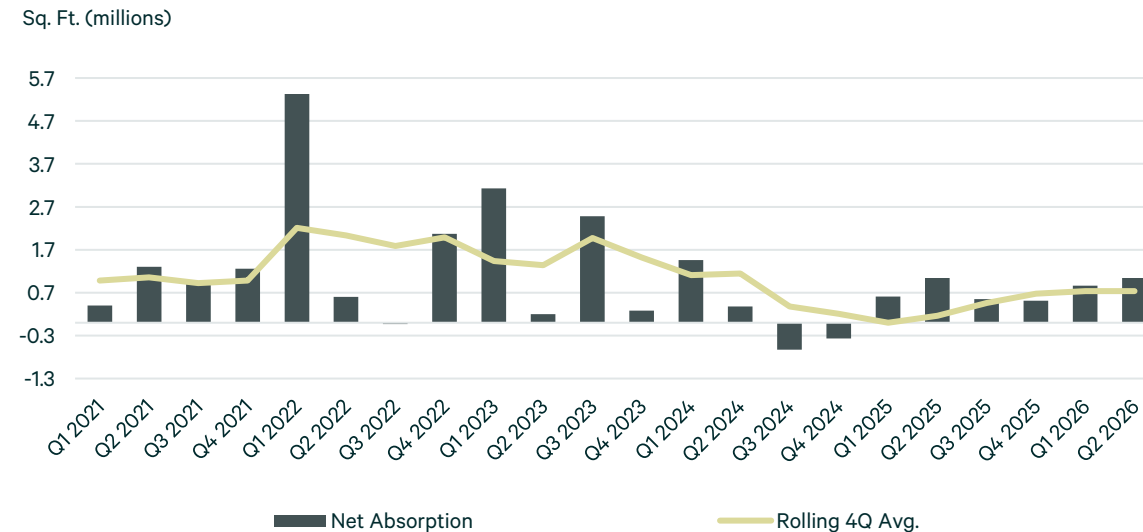
At the submarket level, I-26 North led the market with 720,000 sq. ft. of positive net absorption, followed by North Charleston/Ladson with 332,000 sq. ft., while East Cooper was the only submarket to record negative absorption at 17,000 sq. ft. Much of the quarter's activity was concentrated in a handful of large occupancies, most notably Superior Industrial Center, which accounted for 516,000 sq. ft. of absorption, and Tri-County Industrial Park, which added 200,000 sq. ft. Additionally, 3 more deals accounted for nearly 915,000 sq. ft. of absorption.

Construction Activity

In Q2 2026, Charleston's industrial construction pipeline totaled 440,000 sq. ft. across four projects, while no new space delivered during the quarter. The current development environment stands in sharp contrast to the post-pandemic expansion cycle, when developers and investors aggressively pursued industrial opportunities across the market. From Q4 2022 through Q4 2023, the construction pipeline consistently exceeded 8 million sq. ft. and peaked at nearly 12 million sq. ft., while deliveries remained elevated throughout 2024 and into 2025. As that wave of development has largely been absorbed by the market, new construction has moderated significantly, bringing the pipeline to its lowest sustained level in over five years. The slowdown reflects a more disciplined environment as developers assess demand following a record period of supply growth.

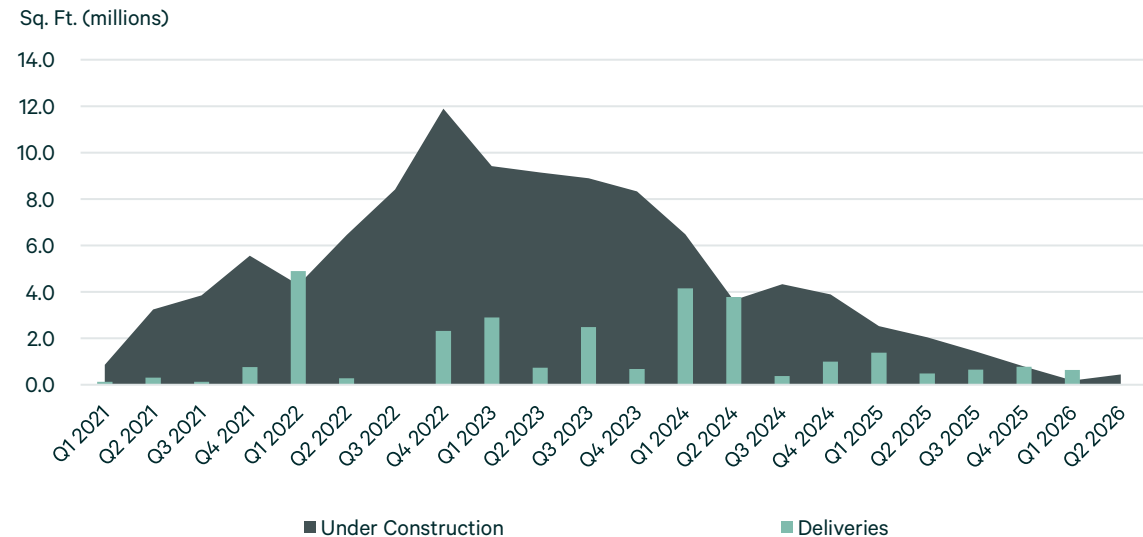
All projects currently underway are within North Charleston/Ladson submarket, reinforcing its position as the market's primary industrial development hub. The largest projects include Lowcountry Logistics I, a 145,000 sq. ft. speculative facility being developed by Greystar, and the 145,000 sq. ft. built-to-suit expansion at 9016 Palmetto Commerce Parkway. Additional projects include the 119,600 sq. ft. speculative development at 6851 Weber Boulevard and a 30,000 sq. ft. warehouse at 7216 Cross Park Drive. Notably, each project underway contains less than 150,000 sq. ft., highlighting a shift away from the large-scale speculative facilities that defined the previous development cycle. Instead, developers are increasingly focused on smaller-format product, mirroring consistent tenant demand within the sub-200,000 sq. ft. segment.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q2 2026

Figure 5: Construction Activity



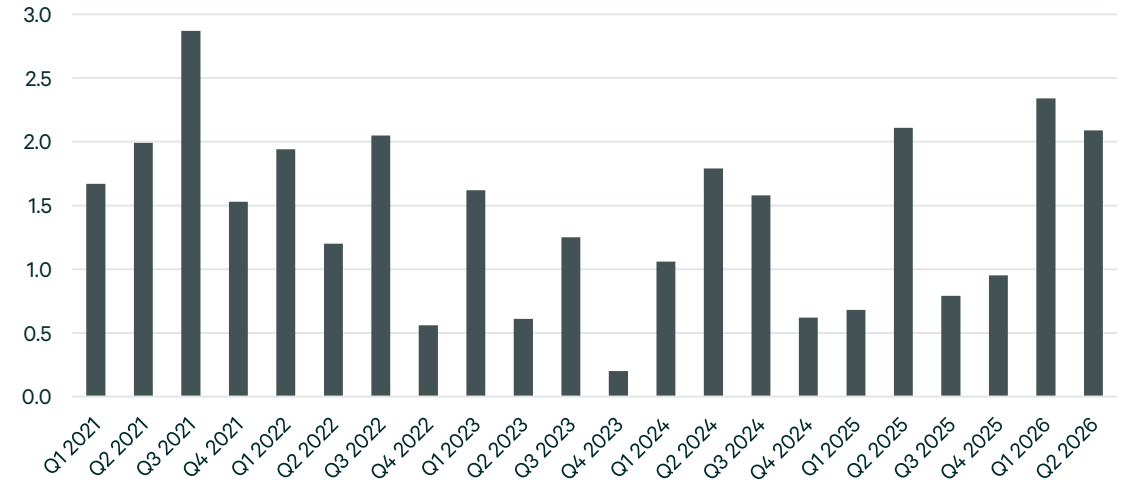
Source: CBRE Research, Q2 2026

Leasing Activity

Leasing activity totaled 2.1 million sq. ft. in Q2 2026, bringing four-quarter leasing volume to 6.2 million sq. ft. Demand remained strong by historical standards, with large retailers and distributor users accounting for a significant share of activity. Notable transactions included Gildan Activewear's 603,000 sq. ft. renewal at 1980 Clements Ferry Road, Dunham Bush's 516,000 sq. ft. lease at Superior Industrial Center, Venom EV Golf Carts' 200,000 sq. ft. commitment at Tri-County Industrial Park, and Lifestyle Solutions' 109,000 sq. ft. lease at 410 Tradeport Drive.

By submarket, I-26 North led leasing activity with 977,000 sq. ft. leased, followed by East Cooper with 724,000 sq. ft. and North Charleston/Ladson with 387,000 sq. ft. Activity remained concentrated along the I-26 corridor, particularly in bulk distribution facilities, while a steady stream of smaller transactions across North Charleston/Ladson underscored consistent tenant demand across a range of space sizes. Leasing activity was supported by both larger occupancies and smaller expansions, reflecting the depth and diversity of Charleston's industrial tenant base. Looking ahead, leasing activity is expected to remain steady through the second half of 2026 as existing occupiers continue to evaluate expansion opportunities and new users are drawn to the market's strategic location, port connectivity, and growing industrial base.

Figure 6: Leasing Activity Trend
Sq. Ft. (millions)



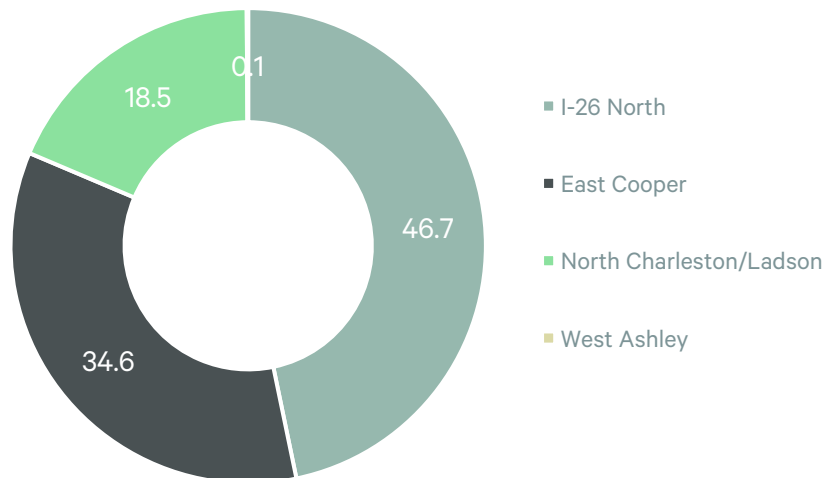
Source: CBRE Research, Q2 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Gildan Activewear	603,000	Renewal	1980 Clements Ferry Rd	East Cooper
Dunham Bush	516,000	New Lease	1116 Business Park Rd	I-26 North
Venom EV Golf Carts	200,000	New Lease	2725 W 5th North St	I-26 North
Geneva Supply	140,000	Renewal	1334 Drop Off Dr	I-26 North
Lifestyle Solutions	109,000	New Lease	410 Tradeport Dr	I-26 North
Select Energy Partners	90,000	New Lease	1023 Legrand Blvd	East Cooper
KEY Logistics Solutions	77,000	Renewal	4801 Rivers Ave	North Charleston/Ladson
Trident Construction	60,000	New Lease	5056 International Blvd	North Charleston/Ladson

Source: CBRE Research, Q2 2026

Figure 7: Leasing Activity by Submarket (% of Total Activity)



Source: CBRE Research, Q2 2026

Market Statistics by Product Type

Figure 9

Product Type	NRA (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Q2 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	68.02M	16.3	22.3	19.7	2.7	8.34	1.15M	1.97M	-	440,000
Manufacturing	24.28M	1.5	2.2	2.1	0.2	8.85	(115,000)	(64,000)	-	-
R&D/Flex	2.16M	1.8	4.4	4.4	-	16.36	(2,000)	(11,000)	-	-
Total	94.45M	12.2	16.8	14.8	2.0	8.44	1.04M	1.89M	-	440,000

Source: CBRE Research, Q2 2026

Market Statistics by Size

Figure 10

Size Range	NRA (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Q2 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	9.77M	3.0	6.9	6.7	0.2	14.41	106,000	80,000	-	30,000
50K-99,999 SF	8.77M	3.2	10.6	6.8	3.7	9.55	230,000	238,000	-	-
100K-249,999 SF	22.90M	10.1	13.7	10.8	3.0	10.02	35,000	75,000	-	410,000
250K-499,999 SF	21.61M	13.9	19.0	18.0	0.9	8.17	148,000	637,000	-	-
500K-749,999 SF	12.45M	14.9	25.8	20.6	5.2	7.37	516,000	516,000	-	-
750,000 SF +	18.95M	19.9	19.9	19.9	-	6.62	-	344,000	-	-
Total	94.45M	12.2	16.8	14.8	2.0	8.44	1.04M	1.89M	-	440,000

Source: CBRE Research, Q2 2026

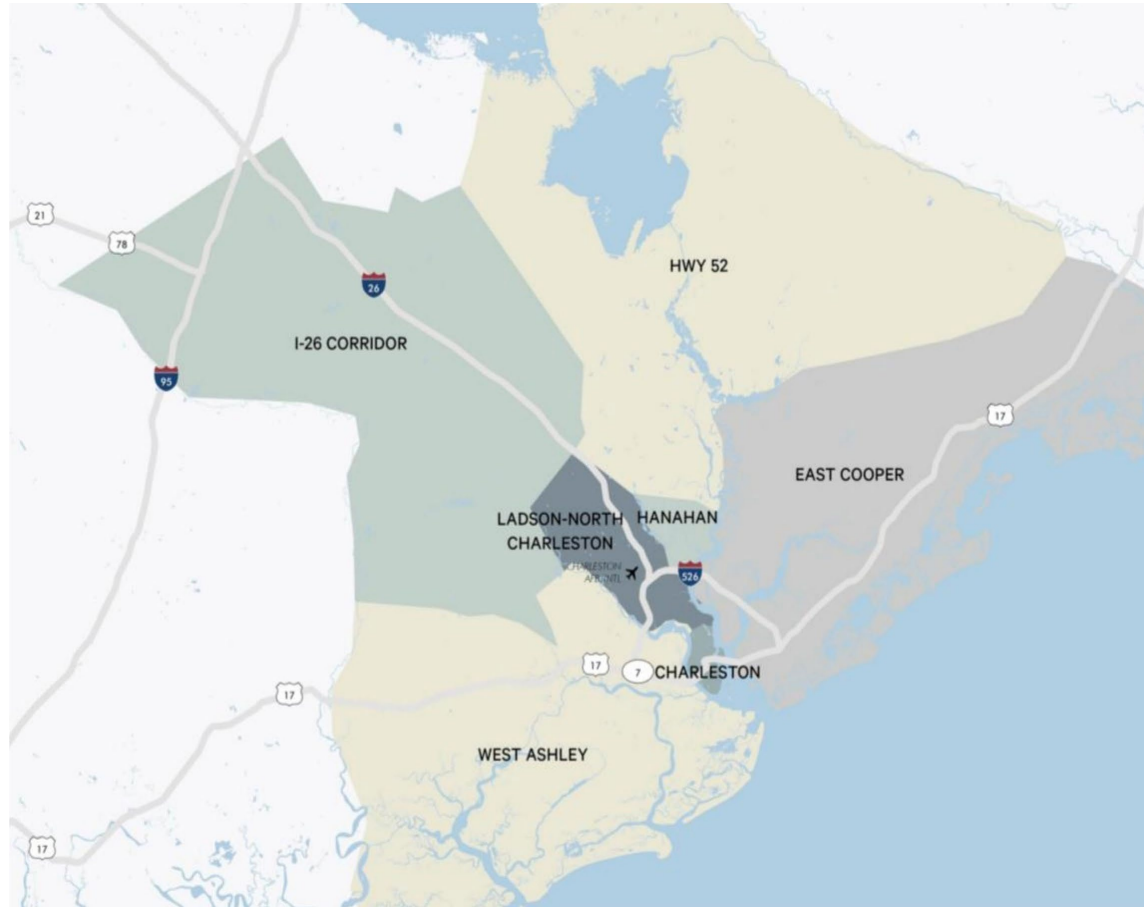
Market Statistics by Submarket

Figure 11

Submarket	NRA (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Q2 2026 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Charleston	309,000	17.7	17.7	17.7	-	12.61	-	-	-	-
East Cooper	9.55M	7.9	15.4	12.7	2.7	11.73	(17,000)	(68,000)	-	-
Hanahan	6.81M	5.3	8.8	7.3	1.5	9.96	-	-	-	-
Hwy 52 North	6.34M	-	5.6	4.5	1.1	-	-	-	-	-
I-26 North	37.77M	19.3	23.2	21.3	2.0	7.22	720,000	1.43M	-	-
North Charleston/Ladson	32.62M	9.4	14.0	11.8	2.1	9.16	332,000	547,000	-	440,000
West Ashley	1.05M	1.9	2.3	2.3	-	19.13	-	(13,000)	-	-
Total	94.45M	12.2	16.8	14.8	2.0	8.44	1.04M	1.89M	-	440,000

Source: CBRE Research, Q2 2026

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. **Availability Rate:** Total Available Sq. Ft. divided by the total building Area. **Average Asking Lease Rate:** A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. **Building Area:** The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. **Gross Activity:** All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. **Gross Lease Rate:** Rent typically includes real property taxes, building insurance, and major maintenance. **Net Absorption:** The change in Occupied Sq. Ft. from one period to the next. **Net Lease Rate:** Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. **Occupied Sq. Ft.:** Building Area not considered vacant. **Vacancy Rate:** Total Vacant Sq. Ft. divided by the total Building Area. **Vacant Sq. Ft.:** Space that can be occupied within 30 days. **Class A industrial** are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

Survey Criteria

The CBRE, Inc. Industrial MarketView report provides statistics based on a revised set of inventory consisting of industrial properties in the following submarkets: Charleston, West Ashley, Ladson-North Charleston, Hanahan, East Cooper, Hwy 52, and I-26 Corridor. All properties are industrial properties greater than 10,000 sq. ft. Absorption is counted when the lease is signed and is not based on physical occupancy; when a building delivers, preleases are counted as absorption in the quarter of delivery. Historical data is reflective of the current set of inventory rather than previously published report figures and is subject to revision as additional information becomes available.

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